

**SB 6635** - S AMD TO S AMD (S-5433.2/12) **328**

By Senators Murray, Zarelli

ADOPTED 04/11/2012

1 On page 4, line 11, strike "2017" and insert "2015"

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3 On page 4, line 29, strike "2017" and insert "2015"

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5 On page 5, line 10, strike "2017" and insert "2015"

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7 On page 5, line 21, strike "2017" and insert "2015"

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9 On page 5, line 33, strike "2017" and insert "2015"

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11 On page 6, line 7, strike "2017" and insert "2015"

12

13 On page 35, after line 12, insert the following:

14

**"PART VI**

15

**NEWSPAPER BUSINESS AND OCCUPATION TAX**

16

17

18 **Sec. 601.** RCW 82.04.214 and 2008 c 273 s 1 are each amended to  
19 read as follows:

20 (1)((~~(a) Until June 30, 2011,~~)) "Newspaper" means:

21 ((~~(i)~~)) (a) A publication issued regularly at stated intervals at  
22 least twice a month and printed on newsprint in tabloid or broadsheet  
23 format folded loosely together without stapling, glue, or any other  
24 binding of any kind, including any supplement of a printed newspaper;  
25 and

26 ((~~(ii)~~)) (b) An electronic version of a printed newspaper that:

27 ((~~(A)~~)) (i) Shares content with the printed newspaper; and

1       ~~((B))~~ (ii) Is prominently identified by the same name as the  
2 printed newspaper or otherwise conspicuously indicates that it is a  
3 complement to the printed newspaper.

4       ~~((b))~~ (2) For purposes of this section, "supplement" means a  
5 printed publication, including a magazine or advertising section, that  
6 is:

7       ~~((i))~~ (a) Labeled and identified as part of the printed  
8 newspaper; and

9       ~~((ii))~~ (b) Circulated or distributed:

10       ~~((A))~~ (i) As an insert or attachment to the printed newspaper;  
11 or

12       ~~((B))~~ (ii) Separate and apart from the printed newspaper so long  
13 as the distribution is within the general circulation area of the  
14 newspaper.

15       ~~((2) Beginning July 1, 2011, "newspaper" means a publication  
16 issued regularly at stated intervals at least twice a month and  
17 printed on newsprint in tabloid or broadsheet format folded loosely  
18 together without stapling, glue, or any other binding of any kind,  
19 including any supplement of a printed newspaper as defined in  
20 subsection (1)(b) of this section.))~~

21  
22       **Sec. 602.** RCW 82.04.260 and 2011 c 2 s 203 (Initiative Measure  
23 No. 1107) are each amended to read as follows:

24       (1) Upon every person engaging within this state in the business  
25 of manufacturing:

26       (a) Wheat into flour, barley into pearl barley, soybeans into  
27 soybean oil, canola into canola oil, canola meal, or canola by-  
28 products, or sunflower seeds into sunflower oil; as to such persons  
29 the amount of tax with respect to such business is equal to the value  
30 of the flour, pearl barley, oil, canola meal, or canola by-product  
31 manufactured, multiplied by the rate of 0.138 percent;

32       (b) Beginning July 1, 2012, seafood products that remain in a raw,  
33 raw frozen, or raw salted state at the completion of the manufacturing  
34 by that person; or selling manufactured seafood products that remain

1 in a raw, raw frozen, or raw salted state at the completion of the  
2 manufacturing, to purchasers who transport in the ordinary course of  
3 business the goods out of this state; as to such persons the amount of  
4 tax with respect to such business is equal to the value of the  
5 products manufactured or the gross proceeds derived from such sales,  
6 multiplied by the rate of 0.138 percent. Sellers must keep and  
7 preserve records for the period required by RCW 82.32.070 establishing  
8 that the goods were transported by the purchaser in the ordinary  
9 course of business out of this state;

10 (c) Beginning July 1, 2012, dairy products that as of September  
11 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and  
12 135, including by-products from the manufacturing of the dairy  
13 products such as whey and casein; or selling the same to purchasers  
14 who transport in the ordinary course of business the goods out of  
15 state; as to such persons the tax imposed is equal to the value of the  
16 products manufactured or the gross proceeds derived from such sales  
17 multiplied by the rate of 0.138 percent. Sellers must keep and  
18 preserve records for the period required by RCW 82.32.070 establishing  
19 that the goods were transported by the purchaser in the ordinary  
20 course of business out of this state;

21 (d) Beginning July 1, 2012, fruits or vegetables by canning,  
22 preserving, freezing, processing, or dehydrating fresh fruits or  
23 vegetables, or selling at wholesale fruits or vegetables manufactured  
24 by the seller by canning, preserving, freezing, processing, or  
25 dehydrating fresh fruits or vegetables and sold to purchasers who  
26 transport in the ordinary course of business the goods out of this  
27 state; as to such persons the amount of tax with respect to such  
28 business is equal to the value of the products manufactured or the  
29 gross proceeds derived from such sales multiplied by the rate of 0.138  
30 percent. Sellers must keep and preserve records for the period  
31 required by RCW 82.32.070 establishing that the goods were transported  
32 by the purchaser in the ordinary course of business out of this state;

33 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel  
34 feedstock, as those terms are defined in RCW 82.29A.135; as to such

1 persons the amount of tax with respect to the business is equal to the  
2 value of alcohol fuel, biodiesel fuel, or biodiesel feedstock  
3 manufactured, multiplied by the rate of 0.138 percent; and

4 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such  
5 persons the amount of tax with respect to the business is equal to the  
6 value of wood biomass fuel manufactured, multiplied by the rate of  
7 0.138 percent.

8 (2) Upon every person engaging within this state in the business  
9 of splitting or processing dried peas; as to such persons the amount  
10 of tax with respect to such business is equal to the value of the peas  
11 split or processed, multiplied by the rate of 0.138 percent.

12 (3) Upon every nonprofit corporation and nonprofit association  
13 engaging within this state in research and development, as to such  
14 corporations and associations, the amount of tax with respect to such  
15 activities is equal to the gross income derived from such activities  
16 multiplied by the rate of 0.484 percent.

17 (4) Upon every person engaging within this state in the business  
18 of slaughtering, breaking and/or processing perishable meat products  
19 and/or selling the same at wholesale only and not at retail; as to  
20 such persons the tax imposed is equal to the gross proceeds derived  
21 from such sales multiplied by the rate of 0.138 percent.

22 (5) Upon every person engaging within this state in the business  
23 of acting as a travel agent or tour operator; as to such persons the  
24 amount of the tax with respect to such activities is equal to the  
25 gross income derived from such activities multiplied by the rate of  
26 0.275 percent.

27 (6) Upon every person engaging within this state in business as an  
28 international steamship agent, international customs house broker,  
29 international freight forwarder, vessel and/or cargo charter broker in  
30 foreign commerce, and/or international air cargo agent; as to such  
31 persons the amount of the tax with respect to only international  
32 activities is equal to the gross income derived from such activities  
33 multiplied by the rate of 0.275 percent.

34

1 (7) Upon every person engaging within this state in the business  
2 of stevedoring and associated activities pertinent to the movement of  
3 goods and commodities in waterborne interstate or foreign commerce; as  
4 to such persons the amount of tax with respect to such business is  
5 equal to the gross proceeds derived from such activities multiplied by  
6 the rate of 0.275 percent. Persons subject to taxation under this  
7 subsection are exempt from payment of taxes imposed by chapter 82.16  
8 RCW for that portion of their business subject to taxation under this  
9 subsection. Stevedoring and associated activities pertinent to the  
10 conduct of goods and commodities in waterborne interstate or foreign  
11 commerce are defined as all activities of a labor, service or  
12 transportation nature whereby cargo may be loaded or unloaded to or  
13 from vessels or barges, passing over, onto or under a wharf, pier, or  
14 similar structure; cargo may be moved to a warehouse or similar  
15 holding or storage yard or area to await further movement in import or  
16 export or may move to a consolidation freight station and be stuffed,  
17 unstuffed, containerized, separated or otherwise segregated or  
18 aggregated for delivery or loaded on any mode of transportation for  
19 delivery to its consignee. Specific activities included in this  
20 definition are: Wharfage, handling, loading, unloading, moving of  
21 cargo to a convenient place of delivery to the consignee or a  
22 convenient place for further movement to export mode; documentation  
23 services in connection with the receipt, delivery, checking, care,  
24 custody and control of cargo required in the transfer of cargo;  
25 imported automobile handling prior to delivery to consignee; terminal  
26 stevedoring and incidental vessel services, including but not limited  
27 to plugging and unplugging refrigerator service to containers,  
28 trailers, and other refrigerated cargo receptacles, and securing ship  
29 hatch covers.

30 (8) Upon every person engaging within this state in the business  
31 of disposing of low-level waste, as defined in RCW 43.145.010; as to  
32 such persons the amount of the tax with respect to such business is  
33 equal to the gross income of the business, excluding any fees imposed  
34 under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

1 If the gross income of the taxpayer is attributable to activities  
2 both within and without this state, the gross income attributable to  
3 this state must be determined in accordance with the methods of  
4 apportionment required under RCW 82.04.460.

5 (9) Upon every person engaging within this state as an insurance  
6 producer or title insurance agent licensed under chapter 48.17 RCW or  
7 a surplus line broker licensed under chapter 48.15 RCW; as to such  
8 persons, the amount of the tax with respect to such licensed  
9 activities is equal to the gross income of such business multiplied by  
10 the rate of 0.484 percent.

11 (10) Upon every person engaging within this state in business as a  
12 hospital, as defined in chapter 70.41 RCW, that is operated as a  
13 nonprofit corporation or by the state or any of its political  
14 subdivisions, as to such persons, the amount of tax with respect to  
15 such activities is equal to the gross income of the business  
16 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5  
17 percent thereafter.

18 (11)(a) Beginning October 1, 2005, upon every person engaging  
19 within this state in the business of manufacturing commercial  
20 airplanes, or components of such airplanes, or making sales, at retail  
21 or wholesale, of commercial airplanes or components of such airplanes,  
22 manufactured by the seller, as to such persons the amount of tax with  
23 respect to such business is, in the case of manufacturers, equal to  
24 the value of the product manufactured and the gross proceeds of sales  
25 of the product manufactured, or in the case of processors for hire,  
26 equal to the gross income of the business, multiplied by the rate of:

27 (i) 0.4235 percent from October 1, 2005, through June 30, 2007;  
28 and

29 (ii) 0.2904 percent beginning July 1, 2007.

30 (b) Beginning July 1, 2008, upon every person who is not eligible  
31 to report under the provisions of (a) of this subsection (11) and is  
32 engaging within this state in the business of manufacturing tooling  
33 specifically designed for use in manufacturing commercial airplanes or  
34 components of such airplanes, or making sales, at retail or wholesale,

1 of such tooling manufactured by the seller, as to such persons the  
2 amount of tax with respect to such business is, in the case of  
3 manufacturers, equal to the value of the product manufactured and the  
4 gross proceeds of sales of the product manufactured, or in the case of  
5 processors for hire, be equal to the gross income of the business,  
6 multiplied by the rate of 0.2904 percent.

7 (c) For the purposes of this subsection (11), "commercial  
8 airplane" and "component" have the same meanings as provided in RCW  
9 82.32.550.

10 (d) In addition to all other requirements under this title, a  
11 person reporting under the tax rate provided in this subsection (11)  
12 must file a complete annual report with the department under RCW  
13 82.32.534.

14 (e) This subsection (11) does not apply on and after July 1, 2024.

15 (12)(a) Until July 1, 2024, upon every person engaging within this  
16 state in the business of extracting timber or extracting for hire  
17 timber; as to such persons the amount of tax with respect to the  
18 business is, in the case of extractors, equal to the value of  
19 products, including by-products, extracted, or in the case of  
20 extractors for hire, equal to the gross income of the business,  
21 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
22 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
23 2024.

24 (b) Until July 1, 2024, upon every person engaging within this  
25 state in the business of manufacturing or processing for hire: (i)  
26 Timber into timber products or wood products; or (ii) timber products  
27 into other timber products or wood products; as to such persons the  
28 amount of the tax with respect to the business is, in the case of  
29 manufacturers, equal to the value of products, including by-products,  
30 manufactured, or in the case of processors for hire, equal to the  
31 gross income of the business, multiplied by the rate of 0.4235 percent  
32 from July 1, 2006, through June 30, 2007, and 0.2904 percent from July  
33 1, 2007, through June 30, 2024.

34

1 (c) Until July 1, 2024, upon every person engaging within this  
2 state in the business of selling at wholesale: (i) Timber extracted  
3 by that person; (ii) timber products manufactured by that person from  
4 timber or other timber products; or (iii) wood products manufactured  
5 by that person from timber or timber products; as to such persons the  
6 amount of the tax with respect to the business is equal to the gross  
7 proceeds of sales of the timber, timber products, or wood products  
8 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
9 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
10 2024.

11 (d) Until July 1, 2024, upon every person engaging within this  
12 state in the business of selling standing timber; as to such persons  
13 the amount of the tax with respect to the business is equal to the  
14 gross income of the business multiplied by the rate of 0.2904 percent.  
15 For purposes of this subsection (12)(d), "selling standing timber"  
16 means the sale of timber apart from the land, where the buyer is  
17 required to sever the timber within thirty months from the date of the  
18 original contract, regardless of the method of payment for the timber  
19 and whether title to the timber transfers before, upon, or after  
20 severance.

21 (e) For purposes of this subsection, the following definitions  
22 apply:

23 (i) "Biocomposite surface products" means surface material  
24 products containing, by weight or volume, more than fifty percent  
25 recycled paper and that also use nonpetroleum-based phenolic resin as  
26 a bonding agent.

27 (ii) "Paper and paper products" means products made of interwoven  
28 cellulosic fibers held together largely by hydrogen bonding. "Paper  
29 and paper products" includes newsprint; office, printing, fine, and  
30 pressure-sensitive papers; paper napkins, towels, and toilet tissue;  
31 kraft bag, construction, and other kraft industrial papers;  
32 paperboard, liquid packaging containers, containerboard, corrugated,  
33 and solid- fiber containers including linerboard and corrugated  
34 medium; and related types of cellulosic products containing primarily,

1 by weight or volume, cellulosic materials. "Paper and paper products"  
2 does not include books, newspapers, magazines, periodicals, and other  
3 printed publications, advertising materials, calendars, and similar  
4 types of printed materials.

5 (iii) "Recycled paper" means paper and paper products having fifty  
6 percent or more of their fiber content that comes from postconsumer  
7 waste. For purposes of this subsection (12)(e)(iii), "postconsumer  
8 waste" means a finished material that would normally be disposed of as  
9 solid waste, having completed its life cycle as a consumer item.

10 (iv) "Timber" means forest trees, standing or down, on privately  
11 or publicly owned land. "Timber" does not include Christmas trees  
12 that are cultivated by agricultural methods or short-rotation  
13 hardwoods as defined in RCW 84.33.035.

14 (v) "Timber products" means:

15 (A) Logs, wood chips, sawdust, wood waste, and similar products  
16 obtained wholly from the processing of timber, short-rotation  
17 hardwoods as defined in RCW 84.33.035, or both;

18 (B) Pulp, including market pulp and pulp derived from recovered  
19 paper or paper products; and

20 (C) Recycled paper, but only when used in the manufacture of  
21 biocomposite surface products.

22 (vi) "Wood products" means paper and paper products; dimensional  
23 lumber; engineered wood products such as particleboard, oriented  
24 strand board, medium density fiberboard, and plywood; wood doors; wood  
25 windows; and biocomposite surface products.

26 (f) Except for small harvesters as defined in RCW 84.33.035, a  
27 person reporting under the tax rate provided in this subsection (12)  
28 must file a complete annual survey with the department under RCW  
29 82.32.585.

30 (13) Upon every person engaging within this state in inspecting,  
31 testing, labeling, and storing canned salmon owned by another person,  
32 as to such persons, the amount of tax with respect to such activities  
33 is equal to the gross income derived from such activities multiplied  
34 by the rate of 0.484 percent.

1 (14)(a) Upon every person engaging within this state in the  
2 business of printing a newspaper, publishing a newspaper, or both, the  
3 amount of tax on such business is equal to the gross income of the  
4 business multiplied by the rate of (~~0.2904~~) 0.365 percent through  
5 June 30, 2013, and beginning July 1, 2013, multiplied by the rate of  
6 0.35 percent.

7 (b) A person reporting under the tax rate provided in this  
8 subsection (14) must file a complete annual report with the department  
9 under RCW 82.32.534."

10  
11 On page 35, line 24, after "I, II, V" strike ", and VI" and insert  
12 "through VII"

13  
14 On page 35, after line 19, insert the following:

15  
16 "NEW SECTION. Sec. 603. Part VI expires July 1, 2015."

17  
18 Renumber the remaining sections consecutively and correct any  
19 internal references accordingly.

EFFECT: The B&O tax exemptions for manufacturing of fruits or  
vegetables, dairy, and seafood are extended to July 1, 2015, and are  
then replaced by a preferential B&O tax rate of 0.138 percent.

The definition of a newspaper is amended to permanently include the  
Internet version of printed newspapers and newspaper supplements.  
The effect of this is to tax advertising revenue from the online  
versions of newspapers and newspaper supplements at the same rate as  
the traditional newspaper. The B&O tax rate for printing and  
publishing a newspaper, or both, is increased from 0.2904 percent to  
0.365 percent until June 30, 2013, and 0.35 percent until July 1,  
2015.

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